

NEW HAMPSHIRE INSURANCE DEPARTMENT

56 Old Suncook Road
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Charles N. Blossom
Insurance Commissioner

BULLETIN

Docket Number: INS NO. 99-006-AB

DATE: April 9, 1999

TO: All New Hampshire Licensed Insurance Companies who have submitted Credit Insurance Reports as supplements to their Annual Statement in either 1997 or 1998.

New Hampshire Banking Department

New Hampshire Automobile Dealers Association

FROM: Charles Blossom Insurance Commissioner

RE: Credit Unemployment Insurance and other Unemployment Coverage

Background

The Department has seen an increasing number of policy form filings providing debt reduction, waiver of premium or other insurance type benefits in the event the insured becomes involuntarily unemployed. Credit Unemployment insurance is the term reserved for policy forms providing such debt reduction.

The Insurance Commissioner is vested with the statutory authority to enforce New Hampshire's Insurance laws. The Commissioner is a member of the National Association of Insurance Commissioners, NAIC, an organization comprised of individuals holding similar positions in other states and which exists to promote uniform policy development, where uniformity is appropriate.

Overview of Statutes and Regulations

RSA 408-A delineates the types of specific coverages that may be written specifically for debt reduction purposes, called Credit Insurance. This law was patterned after an NAIC model. The Department has determined that RSA 408-A only allows coverages for credit life insurance and credit accident and health insurance. The law makes no mention of credit unemployment insurance, nor does it allow for other types of

credit insurance not specified therein. While the NAIC model was later amended to include unemployment insurance as a valid coverage; the New Hampshire law was not. Until such time as the New Hampshire law is similarly amended, credit unemployment insurance is not a valid coverage in this state.

RSA 401:1 delineates the types of coverages or lines of business, which an insurance company may write once properly licensed. RSA 401:1-a indicates that the Commissioner may permit other coverages to be written in the state if 'such kind of insurance is properly the subject of insurance, and is in the public interest.' The Commissioner shall permit these miscellaneous coverages by adopting a rule. The Department has promulgated no rule allowing for unemployment insurance to be written in conjunction with or in association with other types of coverages, for example, waiver of premium in conjunction with life insurance coverage. The Commissioner has made no determination that the issuance of such unemployment insurance associated with other types of coverages is in the public interest.

Legal Conclusion

Credit Unemployment Insurance, and miscellaneous coverage related to incidences of involuntary unemployment may not be written in New Hampshire. With respect to miscellaneous coverage related to incidences of involuntary unemployment, no law specifically permits such a coverage category. Further, the Commissioner has not promulgated a rule permitting such insurance in conjunction with other coverages, as required pursuant to RSA 401:1-a. The Commissioner does not anticipate promulgating a rule as, at the present time, the Commissioner is not convinced that the availability of such coverage is in the public interest.

With respect to Credit Unemployment Insurance, the only permitted Credit Insurance coverages are life and accident and health as defined pursuant to RSA 408-A. Coverage for involuntary unemployment, dismemberment (unless a disability), and certain leaves otherwise provided for by the Federal Medical Leave Act are not allowed.

Department Response

As of the effective date of this bulletin, the Department will no longer be approving any policy form that provides insurance type benefits in the event of involuntary unemployment. Carriers shall cease writing new business that provides these types of benefits. Carriers continuing to write new business more than 90 days after the effective date of this bulletin shall be subject to administrative enforcement actions. Further, earners continuing to renew Credit Unemployment business more than 450 days from the effective date of this shall be subject to administrative enforcement actions. Other types of inforce contracts which contain miscellaneous unemployment

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coverage may be renewed at the policyholder's and the company's option.

Department Contact

Questions regarding this bulleting should be made in writing to:

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